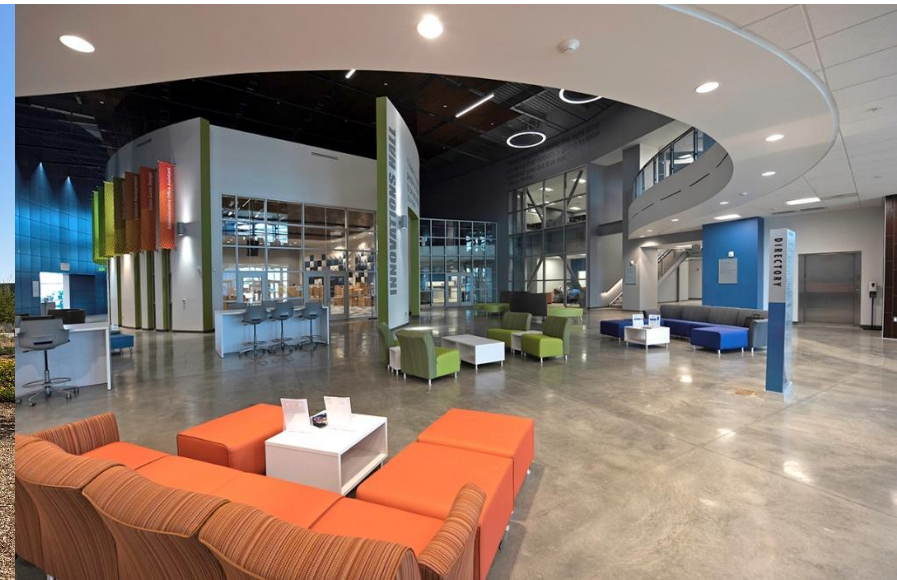


SMALL SCHOOL DISTRICT PROGRAM FINANCIAL HARDSHIP OVERVIEW

Presentation By:
Jason Hernandez – Financial Hardship Supervisor



Agenda

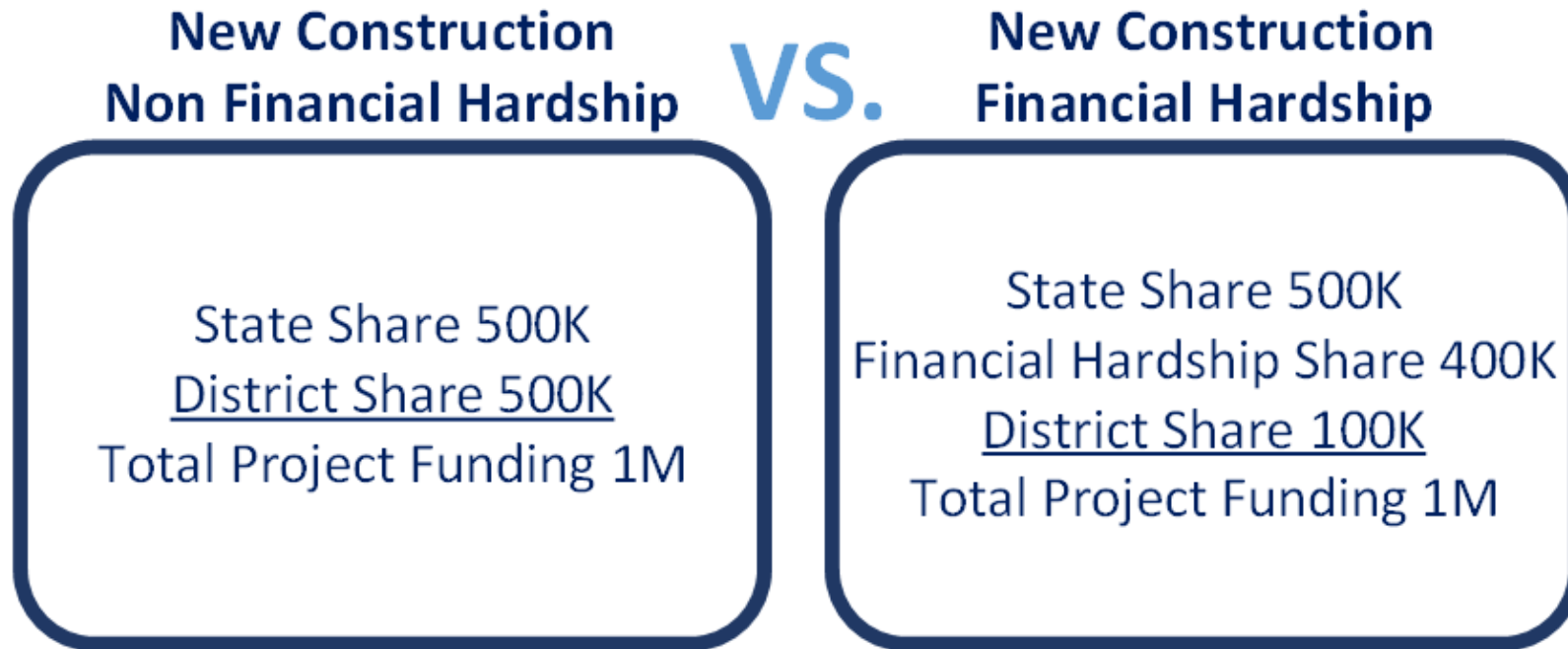
- Financial Hardship Assistance
- Email Subscription List
- Points of Contact

Financial Hardship Assistance

Financial Hardship

Purpose

- Assist Districts and COEs that cannot provide their matching share
- New Construction, Modernization, and Facility Hardship only



Financial Hardship

Eligibility Determination – Phase I

District must be levying maximum developer fee justified under law

- 2026 Level 1 Fees - \$5.37 sq/ft residential & \$0.87 sq/ft for commercial

AND

Meet one of following criteria:

- Long-term debt of 60% or more of debt capacity
- Successful voter bond election within past 2 years
- Be a COE
- Total bonding capacity is \$15 million or less*
- Other evidence of reasonable effort approved by the State Allocation Board

Financial Hardship

Eligibility Determination – Phase II

OPSC reviews District/COE capital facility related funds to determine amount of funds available for district match.

- Facility funds are funds 21 through 50
- Review revenues and expenditures for up to past 3 years
- Review transfers in to or out of facility funds
- May examine Special Reserve Funds for availability
- Available funds are reduced by eligible encumbrances



Financial Hardship

Funding

If the District/COE meets one of the qualifying criteria & their available funds are less than the required district match, then they qualify for Financial Hardship status.

- The State will fund the difference between the district match and the district's available funds.
- FH approval is valid for 6 months.
- Qualifying COEs/Districts may request site, design, project assistance, and/or Project and Construction Management Grant funding prior to requesting full funding.
- After the six-month period expires the District /COE with need to re-establish their Financial Hardship status.

Financial Hardship

Bridge Financing/Interfund Borrowing

If a District/COE needs to move forward with their School Facility Program (SFP) project(s) prior to state funding being available, then they may use bridge financing or interfund borrow if they meet the requirements detailed in SFP Regulation Section 1859.81(i). Including but not limited to the following:

- The District/COE must contact the OPSC in writing with their request for bridge financing/interfund borrowing prior to making any project expenditures.
- Have a school board resolution detailing the District's/COE's bridge financing/interfund borrowing

Financial Hardship

Bridge Financing/Interfund Borrowing

The School Board Resolution must include the following:

- Name the specific project(s) being moved forward.
- List the specific debt instrument or interfund borrowing to be used.
- List the maximum amount to be borrow or transferred.
- Statement that once **any** state funds are received, they will be used to retire the debt or transferred funds back within **60 days**.
- Acknowledgement that any expenditures made prior to the school board resolution will reduce the Financial Hardship apportionment.

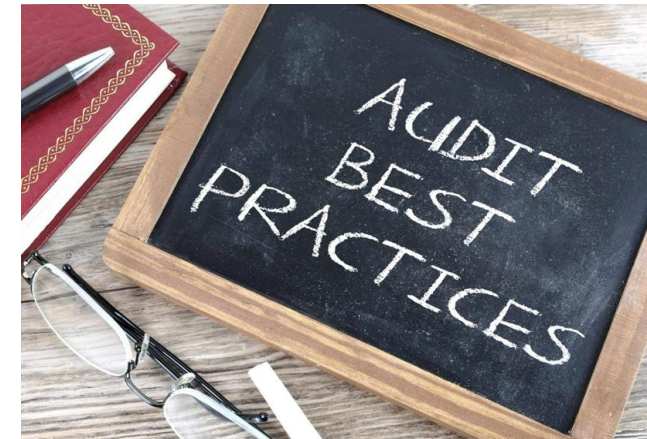
Financial Hardship

Review Process for Small School District Program

1. District submits Form SAB 50-12 or 50-04, checks box for Financial Hardship request.
2. OPSC notifies school district and provides 30 days to submit a Financial Hardship application.
3. Financial Hardship and application processed concurrently.

Financial Hardship – Top Tips

- Ensure your FH Phase I and Phase II checklist document package is complete. Incomplete packages will be returned to the district and not processed. Examples of missing documents include:
 - Not levying the current Developer Fees.
 - 2026 Level I Fees.
 - No School Board Resolution for current fees.
 - Not having current assessed valuation from County Audit Controller.
 - Missing Fund Worksheets.
 - General Ledger detail report missing.
 - Expenditure report for project expenditures to date not submitted.
 - Contracts not submitted for all requested encumbrances.



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 - SAB Agendas
 - Stakeholder Meeting Agendas
 - Priorities in Funding Announcements, and
 - Other SAB/OPSC Information

Points of Contact

OPSC Website:

➤ www.dgs.ca.gov/opsc

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